

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13 ISO-00

FEA-01 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /131 W

-----280937 070238 /20

R 280840Z FEB 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 5496

INFO ALL EC CAPITALS 174

AMEMBASSY BUDAPEST

AMEMBASSY OTTAWA

AMEMBASSY PRAGUE

AMEMBASSY TOKY

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: GATT ANTIDUMPING COMMITTEE - FEBRUARY 23-25

REF: 76 GENEVA 7844 (NOTAL)

SUMMARY. COMMITTEE HELD QUIET SESSION, ENLIVENED ONLY BY JAPANESE COMPLAINT AGAINST EC ANTIDUMPING DUTIES ON BEARINGS. CONCERN WAS AGAIN EXPRESSED RE APPROPRIATENESS OF U.S. SECTION 337 INVESTIGATIONS. APPEARS UNLIKELY THAT MTN SUBGROUP ON ANTIDUMPING CAN BE AVOIDED, ALTHOUGH OPTIONS KEPT OPEN. END SUMMARY.

1. THE GATT ANTIDUMPING COMMITTEE MET FEBRUARY 23-25 TO CONSIDER THE AMENDED INVENTORY OF PROBLEMS AND ISSUES ARISING UNDER THE ANTIDUMPING CODE (COM.AD/W/63). SEVERAL TECHNICAL AMENDMENTS AND ADDITIONS TO THE INVENTORY WERE OFFERED BY THE LIMITED OFFICIAL USE

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MEMBERS. THE EC, SUPPORTED BY THE JAPANESE, EXPRESSED CONTINUED CONCERN OVER THE CONDUCT OF SECTION 337 INVESTIGATIONS BY THE U.S. INTERNATIONAL TRADE COMMISSION WHERE QUESTIONS OF ANTIDUMPING ARE INCLUDED (PARA 4 OF REFTEL). THE COMMITTEE AGREED TO MEET AGAIN AT A SPECIAL SESSION IN JUNE 1977 TO CONTINUE DISCUSSIONS ON THE INVENTORY, FOCUSING ON THE PROGRESS ACHIEVED UNDER

THE CODE AND THE AREAS OF CONTINUED DIFFICULTIES AS PERCEIVED BY THE MEMBERS, AND TO CONSIDER HOW THE INVENTORY AND THE COMMITTEE'S CONSULTATIONS MIGHT BEST FURTHER THE OBJECTIVES OF THE CODE. CHAIRMAN EGGERT NOTED THAT HE HAS BEEN REASSIGNED AND THAT THIS SESSION OF THE COMMITTEE WOULD BE HIS LAST.

2. IT WAS EVIDENT THAT MEMBERS OF THE COMMITTEE HAVE NOT YET DECIDED WHICH, IF ANY, COURSE OF ACTION TO PURSUE ONCE THE INVENTORY HAS BEEN COMPLETED, INCLUDING WHETHER, FOR EXAMPLE, TO EMBARK ON A RENEGOTIATION OF THE CODE OR AN ADDITION OF INTERPRETATIVE NOTES. THE EC (BESELER), CANADA (MARTIN), AND JAPAN (TERADA), GAVE NO CLEAR INDICATION OF WHETHER THEY ARE INTERESTED IN CODE RENEGOTIATION. IT APPEARS THAT NO DECISIONS ON THIS QUESTION HAVE BEEN MADE BY THESE COUNTRIES AND THEIR LACK OF CLARITY ON THE ISSUE RAISES QUESTION OF WHETHER THEY HAVE FOCUSED ON IT MUCH.

3. AT THE REQUEST OF THE JAPANESE REPRESENTATIVE (TERADA), AN AFTERNOON SESSION WAS DEVOTED TO AN EC-JAPAN DIALOGUE ON THE EC ANTIDUMPING INVESTIGATION OF TAPERED ROLLER AND BALL BEARINGS FROM JAPAN, WHICH HAD RESULTED IN THE IMPOSITION OF PROVISIONAL MEASURES ON FEBRUARY 5, 1977. AMONG THE POINTS RAISED BY THE JAPANESE WAS THE LIMITED TIME PROVIDED FOR SUBMISSIONS BY JAPANESE FIRMS BEFORE THE PROVISIONAL MEASURES WERE IMPOSED AND WHETHER THE EC INVESTIGATION HAS BEEN EXTENSIVE ENOUGH IN ITS ANALYSIS OF THE VARIOUS TYPES OF BEARINGS COVERED BY THE MEASURE.

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ERED BY THE MEASURE. THE JAPANESE REP NOTED THAT THE INVESTIGATION WAS FORMALLY INITIATED ON NOVEMBER 18, AND ONLY FOUR WEEKS WERE PROVIDED FOR SUBMISSION OF INFORMATION. FURTHERMORE, ONLY 16 OF ROUGHLY 4,000 TYPES OF BEARINGS, SOLD BY JUST FOUR MAJOR JAPANESE EXPORTERS, WERE INVESTIGATED. BASED UPON THIS INVESTIGATION, NOT ONLY WERE ALL BEARINGS COVERED, BUT "INNOCENT" JAPANESE PRODUCERS WERE INCLUDED. THE EC EMPHASIZED THAT THE MEASURES WERE PROVISIONAL AND SAID THAT AN ADEQUATE PERIOD OF TIME HAD BEEN PROVIDED. THE TIME ALLOWED WAS STATED TO BE SIMILAR TO THAT OF THE OTHER SIGNATORIES. WHILE THE EXTENT OF THE INVESTIGATION WAS APPROPRIATE FOR A PRELIMINARY ACTION, A MORE THOROUGH INVESTIGATION WOULD TAKE PLACE BEFORE A FINAL DECISION WAS RENDERED. IF SOME PRODUCERS WERE NOT DUMPING, THEN THEY WOULD BE EXCLUDED.

4. AT ITS OCTOBER 1976 MEETING, THE ANTIDUMPING COMMITTEE HAD DECIDED TO INVITE INTERESTED NONSIGNATORIES

TO SUBMIT ANY WRITTEN COMMENTS AND/OR TO PRESENT ORAL
VIEWS AT THIS SPECIAL SESSION OF THE COMMITTEE. THE
SOLE CONTRIBUTION WAS THE SUBMISSION OF A BRIEF PAPER
BY ISRAEL INFORMING THE COMMITTEE OF THE RECENT ENACT-
MENT OF ANTIDUMPING LEGISLATION IN ISRAEL.

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SP-02 OMB-01 /131 W
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R 280840Z FEB 77
FM USMISSION GENEVA
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INFO ALL EC CAPITALS 175
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5. AT THE REQUEST OF THE U.S., THE FOLLOWING TEXT
UNDER ARTICLE 2(E) (NORMAL VALUE) OF THE ANTIDUMPING
CODE WAS INSERTED IN THE AMENDED INVENTORY:

BEGIN TEXT. POSITION C: IN DETERMINING THE QUESTION
WHETHER A RELIABLE DOMESTIC PRICE EXISTS, THE AUTHORI-
TIES MAY ALSO CONSIDER WHETHER THE ECONOMY OF THE EX-
PORTING COUNTRY IS STATE CONTROLLED TO AN EXTENT THAT
SALES OR OFFERS OF SALES OF SUCH OR SIMILAR PRODUCTS
IN THAT COUNTRY OR TO THIRD COUNTRIES DO NOT
PERMIT A DETERMINATION OF NORMAL VALUE ON THOSE BASES.
END TEXT. THE HUNGARIAN REP EXPRESSED HIS
GOVERNMENT'S RESERVATIONS ON THIS POSITION DURING THE
MEETING, WHILE THE CZECHOSLOVAK REP ASKED THE
U.S. TO EXPLAIN THE REASON FOR ITS INCLUSION IN A
BRIEF BILATERAL SESSION. THE U.S. EXPLAINED THAT IT
HAD BEEN SUGGESTED BECAUSE OF THE PROVISIONS

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OF THE U.S. LAW. HE SAID THAT THE U.S. BELIEVED THAT THIS SUBJECT SHOULD BE DISCUSSED WITHIN THE COMMITTEE AND INVITED CZECHOSLOVAKIA TO SUBMIT ITS OWN POSITION ON THE SUBJECT.

6. FYI: CONCLUSION OF MEETING SO ORCHESTRATED AS TO LEAVE OPTIONS ON POSSIBLE RENEGOTIATION AND FORUM THEREFOR OPEN. HOWEVER, IN INFORMAL DISCUSSIONS WITH EC, CANADA, AND JAPAN, IT WAS APPARENT THERE IS GREAT UNCERTAINTY AND INDECISION ON QUESTION OF CREATION OF NTM SUBGROUP ON ANTIDUMPING IN MTN. CANADA (MARTIN) WAS CLEARLY A FENCE-SITTER, HAVING RETRACTED FROM ORIGINAL POSITION OPENLY FAVORING CREATION OF SUBGROUP, BUT WAS NOT WILLING TO OPPOSE IT. JAPAN (TERADA) APPARENTLY OPPOSED TO SUBGROUP, BUT MOST UNLIKELY TO SAY SO PUBLICLY. BESELER OF EC VERY MUCH OPPOSED TO SUBGROUP OR TO MEANINGFUL S&D FOR LDC'S, BUT REPORTS THAT LUYTEN NOT ANXIOUS TO BLOCK LDC EFFORTS. EC SUGGESTS WE ALLOW ANY ANTIDUMPING SUBGROUP TO FOCUS ONLY ON S&D AND RESTRICT DISCUSSION OF ANY OTHER CHANGES TO CODE COMMITTEE, BUT IT IS HIGHLY QUESTIONABLE WHETHER PROCEEDINGS COULD BE CONTROLLED IN THIS MANNER. ALSO APPARENT IS GENERAL UNWILLINGNESS OF OTHERS TO CHALLENGE DIRECTLY LDC ASSERTION THAT CODE COMMITTEE IS WITHOUT LEGAL AUTHORITY TO UNDERTAKE RENEGOTIATION EFFORT. JUDGMENT OF U.S. DEL IS THAT CREATION OF MTN ANTIDUMPING SUBGROUP WILL BE EXTREMELY DIFFICULT TO AVOID AT APRIL NTM PARENT GROUP MEETING IN ABSENCE OF HIGH LEVEL U.S. DECISION TO OPPOSE, FOLLOWED BY SUCCESSFUL, MULTIPLE BILATERAL EFFORTS, PARTICULARLY WITH CANADA, TO GAIN OPEN SUPPORT IN SUCH OPPOSITION. END FYI. CATTO

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